



Meeting	Cabinet Member for Housing & Asset Management Decision Day
Date and Time	Monday, 5th July, 2021 at 9.30 am.
Venue	Walton Suite, Winchester Guildhall

Note: *This decision day is being held in person at the location specified above. In line with relevant legislation and public health guidance the following arrangements apply. Members of the public should note that a live audio feed of the decision day will be available from the councils website (www.winchester.gov.uk) and the video recording will be available shortly afterwards.*

For members of the public and “visiting councillors” who are unable to utilise this facility a limited number of seats will be made available at the above named location however attendance must be notified to the council at least 3 working days before the decision day. Please note that priority will be given to those wishing to attend and address the decision day over those wishing to attend and observe.

AGENDA

PROCEDURAL ITEMS

- 1. Disclosure of Interests**
To receive any disclosure of interests from Members and Officers in matters to be discussed.
Note: Councillors are reminded of their obligations to declare disclosable pecuniary interests, personal and/or prejudicial interests in accordance with legislation and the Council’s Code of Conduct.

BUSINESS ITEMS

- 2. Public Participation**
– to note the names of members of the public wishing to speak on items for decision
Note: members of the public wishing to speak about a particular agenda item are required to register three working days in advance if they wish to speak at a Cabinet Member Decision Day.



Members of the public and visiting councillors may speak at decision days on a specific item due for decision, provided they have registered to speak three working days in advance. Please contact Democratic Services by close of play **on Tuesday 29 June 2021** via democracy@winchester.gov.uk or (01962) 848 264 to register to speak and for further details.

3. **Visiting Councillors Representation**

To note any request from visiting councillors to make representations on an item for decision.

Note: Councillors wishing to speak about a particular agenda item are required to register three working days in advance if they wish to speak at a Cabinet Member Decision Day. Councillors will normally be invited by the Chairman to speak during the appropriate item (after the Cabinet Member's introduction (and any comments from the leading officer) and any public participation).

4. **New Homes scheme - Outline Business Case, Woodman Close, Sparsholt (less exempt appendix) (DD30) (Pages 5 - 14)**

5. **EXEMPT BUSINESS**

To consider whether in all the circumstances of the case the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

- (i) To pass a resolution that the public be excluded from the meeting during the consideration of the following items of business because it is likely that, if members of the public were present, there would be disclosure to them of 'exempt information' as defined by Section 100 (I) and Schedule 12A to the Local Government Act 1972.

6. **New Homes scheme - Outline Business Case, Woodman Close, Sparsholt (exempt appendix) (Pages 15 - 16)**

Lisa Kirkman
Strategic Director and Monitoring Officer

All of the Council's publicly available agendas, reports and minutes are available to view and download from the Council's [Website](#) and are also open to inspection at the offices of the council. As part of our drive to minimise our use of paper we do not provide paper copies of the full agenda pack at meetings. We do however, provide a number of copies of the agenda front sheet at the meeting which contains the QR Code opposite. Scanning this code enables members of the public to easily access all of the meeting papers on their own electronic device. Please hold your device's camera or QR code App over the QR Code so that it's clearly visible within your screen and you will be redirected to the agenda pack.



25 June 2021

Agenda Contact: Claire Buchanan, Senior Democratic Services Officer
Tel: 01962 848 438 Email: cbuchanan@winchester.gov.uk

TERMS OF REFERENCE

Cabinet Member for Housing & Asset Management Decision Day – Included within the Council's Constitution (Part 3, Section 2)

Public Participation

Representations will be limited to a maximum of 3 minutes, subject to a maximum 15 minutes set aside for all questions and answers.:

To reserve your place to speak, you are asked to **register with Democratic Services three clear working days prior to the decision day** – please see public participation agenda item above for further details. People will be invited to speak in the order that they have registered, subject to the maximum time period allowed for speaking not being exceeded. Public Participation is at the Chairperson's discretion.

Filming and Broadcast Notification

This decision day may be recorded and broadcast live on the Council's website. The decision day may also be recorded and broadcast by the press and members of the public – please see the Access to Information Procedure Rules within the Council's Constitution for further information, which is available to view on the [Council's website](#).

Disabled Access

Disabled access is normally available, but please phone Democratic Services on 01962 848 264 or email democracy@winchester.gov.uk to ensure that the necessary arrangements are in place.

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DD30

DECISION TAKER: CLLR KELSIE LEARNEY – CABINET MEMBER FOR HOUSING AND ASSET MANAGEMENT

REPORT TITLE: NEW HOMES SCHEME - OUTLINE BUSINESS CASE, WOODMAN CLOSE, SPARSHOLT

5 JULY 2021

Contact Officer: Andrew Palmer Tel No: 01962 848 293 Email apalmer@winchester.gov.uk

WARD(S): WONSTON AND MICHELDEVER

PURPOSE

This report seeks approval of the outline business case to construct 5 dwellings at Woodman Close, Sparsholt including the submission of a planning application and obtaining tenders to construct the scheme.

The proposals contained in this report support the target contained in the Housing Development Strategy of building 1000 homes between 2021 and 2030. Additionally, the report's proposals support, and are consistent with the Council Plan priority of achieving carbon neutrality in the city council by 2024. The report identifies that funding for the development proposals is included in the HRA capital programme.

RECOMMENDATIONS:

1. Authorise the Corporate Head of Asset Management to prepare and submit a planning application to the statutory planning authority to obtain planning permission for the construction of 5 properties at Woodman Close, Sparsholt, at an estimated cost of up to £50,000 to allow for any further investigative work and fees.
2. Authorise the Corporate Head of Asset Management to invite tenders to undertake the design and build of 5 properties at Woodman Close, using a standard JCT Design and Build Contract.

3. Authorise the Corporate Head of Asset Management to negotiate and agree terms for easements, wayleaves and related agreements with utility providers, telecom/media suppliers, Highways Authority and neighbours in order to facilitate the development subject to final decision to proceed with the Scheme.
4. Note that a Final Business Case report is to be brought to Members after tenders are evaluated and the final tender price is known, to agree whether to proceed with the scheme and to award and enter into a construction design and build contract with the preferred bidder.

IMPLICATIONS:1 COUNCIL PLAN OUTCOME

- 1.1 The building of new council homes assists in the delivery of Council Plan outcome - Homes for All, and addresses the commitments of tackling the climate emergency. The proposed scheme will be constructed to Association for Environment Conscious Building (AECB) Building Standard.

2 FINANCIAL IMPLICATIONS

- 2.1 The financial commitment to submit a planning application and start the tender process has been budgeted for within the Housing Revenue Account. A budget of £1,196,000 was approved by Council in February 2021 (CAB3290).
- 2.2 The Total Scheme Cost (TSC) is estimated at: £961,960, this includes a risk contingency of £40,082. This represents an average gross build cost of £192,392 per unit. The scheme will be subject to a competitive tender process. Once the final tender price is evaluated it will be brought to members in a final business case, at which point members can agree whether or not to proceed with the development proposals.
- 2.3 Designing to the AECB Building Standard attracts additional costs. These costs include a slightly larger footprint to accommodate improved thermal performance, significantly enhanced airtightness and the inclusion of mechanical and heat ventilation recovery units (MHVR). The scheme also requires retaining walls due to the level changes on the site.
- 2.4 The appraisal is contained in the exempt Appendix 1. This shows that under the current assumptions of cost, project delivery and the application of RTB 1-4-1 receipts the scheme is viable.
- 2.5 The inclusion of the scheme in the HRA business plan demonstrates that under current HRA business plan assumptions it can be cash flowed and the HRA business plan remains viable and sustainable.
- 2.6 With the exception of individual grants and funds hypothecated for particular schemes, the funding of the overall programme is undertaken annually to maximise the councils financial flexibility and this means decisions upon the final mix of funding have yet to be made.

3 LEGAL AND PROCUREMENT IMPLICATIONS

- 3.1 Calfordseaden has been appointed as Employer's Agent and has provided a procurement report to outline the best way to procure a contract for an AECB Building Standard project of this size and value. Calfordseaden conclude and recommend that the council use the Design and Build procurement option which would allow the council to eliminate the majority of risk and enable cost and quality to be managed.

- 3.2 Officers have been in contact with the council's procurement team and a tender exercise will be run in accordance with the Council's Contract Procedure Rules and Contract Procurement Regulations 2015 (PCR 2015) with their support. Noted by officers is that any intent to divert from the 60/40 price / quality split must be based on sound reasons and agreed by cabinet, and that prior to a decision on the potential use of a framework advice will be sought from the Legal and Procurement team to ensure suitability and compliance.

4 CONSULTATION AND COMMUNICATION

- 4.1 There have been two public consultations and an information event for the development proposal.
- 4.2 In June 2018 approximately 60 people attended a consultation event held in Sparsholt Memorial Hall. Two proposals were shown alongside wider car parking improvement options due to six informal roadside spaces proposed to be lost due to the development. 21 responses were received. In September 2018 the parish council supported the idea of development at Woodman Close on council owned land with associated car parking improvements.
- 4.3 Following further design work, a second community consultation took place in November 2019 in the Sparsholt Memorial Hall to gauge support for the proposed scheme. The Estate Improvements team presented additional car parking options, to be progressed separately to the housing development proposal. Approximately 40 people attended the event and 16 feedback forms were returned. There was majority support from those who completed a feedback form for a scheme of five units on this site. Car parking dominated the comments and these were taken forward through further consultation with residents as a separate Estates Improvement project. The parish council agreed to continue to support the scheme
- 4.4 In April 2021 a pre-recorded information event was made available through Citizen's Space, to update on the design of the homes. Since the consultation in November 2019 the council has declared a climate emergency. An energy review was undertaken on the scheme design to ascertain if the homes could be more energy efficient. With some design changes AECB Building Standard can be achieved. All residents in Woodman Close, Bostock Close, Stockwell Place and Shedden Place received an information pack with details about the online pre-recorded event and a printed copy of the presentation. The parish council and local members were also informed. Two responses were received from this event, both mentioning the wider parking in the area. The consideration of the most suitable wider parking solution is on programme to be revisited in the autumn.
- 4.5 There has been separate and ongoing consultation with the residents of 13 and 14 Woodman Close. Part of the garden of 14 Woodman Close is required for the development. Housing Management and the New Homes team has provided and discussed with the tenant the council's Home Loss and Discretionary Payment Policy.

5 ENVIRONMENTAL CONSIDERATIONS

- 5.1 Consistent with the council's climate emergency priorities, it is proposed that the development be designed to AECB Building Standard (<https://www.aecb.net/>) which will benefit the environment and the future residents.
- 5.2 External consultants Resolution Energy have been appointed as green energy specialists to consider energy and design options. Resolution Energy confirm that building this scheme to the AECB Building Standard will deliver a reduction in the Dwelling Emission Rate (DER) of 91% against the proposed Building Regulations Part L 2021 Target Emission Rate (TER).
- 5.3 A review has been undertaken to ascertain the performance standards the proposed development is capable of reaching. In order to meet AECB Building Standard, which reduces carbon emissions significantly compared to current planning policy requirements, a number of elements will be required for the homes. The review followed the energy hierarchy, which demonstrates how new developments should first consider how less energy can be used in the home (be lean), secondly how to supply energy efficiently (be clean) and thirdly to use renewable energy (be green).
- 5.4 In order to 'be lean', the homes will be built to a high standard of fabric efficiency to reduce the demand for energy in the home. This means that very little energy will be needed for heating and cooling. It is achieved by minimising heat loss through the dwelling and maximising solar gains through orientation and window design. A high level of air tightness and indoor air quality requires mechanical ventilation with heat recovery (MVHR) in each of the homes.
- 5.5 For the heat that may still be required, and the hot water, there will be individual air source heat pumps and a solar photovoltaic (PV) array to each home. Air source heat pumps are a low carbon heating technology which has been modelled for these proposed new homes. They extract the heat from the air and the heat pump then raises the temperature of the fluid which is supplied to the home for heating and hot water. Air source heat pumps at Woodman Close will provide a significant reduction in carbon emissions and can perform well with the demands of the home, reducing running costs for residents. The PV panels on the south facing roofs will further reduce carbon emissions and running costs.

6 EQUALITY IMPACT ASSESSEMENT

- 6.1 The key related strategies and policies, including the Housing Strategy and Housing Development Strategy, have been subject to an Equality Impact Assessment. A detailed Impact Assessment for the proposals will be undertaken at the Final Business Case.

7 RISK MANAGEMENT

- 7.1 The scheme proposed will be designed to AECB Building Standard.
- 7.2 The chief risk factor identified is that of build cost. AECB Building Standard is more expensive than traditional build due to the enhanced building fabric specification and energy saving heating requirements. Despite meeting the council's carbon neutral priorities, development proposals still need to be viable for the council to support. To mitigate these additional costs, it is proposed that costs will be reviewed at key stages of the development process in conjunction with the cost consultant. The council may choose not to proceed after the final tender price has been obtained. In addition, the Architect appointed up to and including the submission of a planning application (T2 Architects) are qualified and certified Passivhaus designers and have previous experience using Passivhaus Planning Package modelling, which is also used for AECB Building Standard. This will ensure cost efficiency.

Risk	Mitigation	Opportunities
<i>Property – AECB project costs are estimates at this stage. AECB costs are more expensive than traditional methods of construction.</i>	Employ consultants who are qualified and experienced in AECB/ Passivhaus design (AECB uses the same modelling system).	This is an opportunity for the council to play an important part in pioneering energy efficient homes in Hampshire, as well as supporting the council's carbon neutrality priorities.
<i>Community Support – there are some wider parking concerns</i>	To mitigate the risk of objections we have consulted residents on a number of occasions on the proposed plans and also on parking. Further parking consultation is being led by Estate Improvements.	There is a desire to provide additional wider parking both for the existing parking situation and to mitigate against the informal roadside parking along Bostock Close which will be lost (approximately 6 spaces).
<i>Timescales</i>	A Project plan will outline key milestones.	
<i>Project capacity</i>	Within existing team.	
<i>Financial / VfM</i>	Initial viability assessments have been undertaken which show that the proposals meet the council's criteria. This will be reviewed at critical stages of the	

	development process.	
<i>Legal – Procurement challenge</i>	The Procurement team will support the process.	
<i>Innovation</i>	Low carbon, high performance properties are more expensive to develop. Experienced and qualified consultants will be engaged to ensure cost efficiency.	It is proposed to develop this scheme to the AECB Building Standard. This supports the council's carbon neutrality priorities.
<i>Reputation</i>	This is a key corporate priority to provide a scheme of much needed affordable housing in Winchester.	This presents an opportunity to demonstrate the council's commitment to its carbon neutrality priorities.
<i>Other</i>		

8 OTHER KEY ISSUES

None

9 SUPPORTING INFORMATION:

- 9.1 This report seeks approval to submit a planning application to develop 5 units of affordable housing. The proposals are for 2 x 2 bed 3 person bungalows and 3 x 1 bed 2 person houses. The homes are proposed for rent, to be held within the Housing Revenue account.
- 9.2 The site consists of previous excess garden land of 13 Woodman Close. This land was removed from the tenancy of 13 Woodman Close before the current residents took on this tenancy. The site also requires some garden land currently within the tenancy of 14 Woodman Close. Housing Management and the New Homes team have visited the tenant and are discussing appropriate compensation in accordance with the council's Home Loss and Discretionary Payment Policy
- 9.3 Resolution Energy was appointed as energy consultant for this scheme. It is proposed to design the properties to AECB Building Standard. This was not the original intention when initial designs and layout plans were produced, before the council declared a climate emergency. Constraints of the site such as size, orientation and surrounding buildings have meant that it is not possible to optimise the built form of the homes to the extent where Passivhaus would be deliverable. The AECB Building Standard follows the same principles as Passivhaus but allows a slightly relaxed space heating demand target which modelling has shown to be deliverable for the site. For schemes such as this where site constraints limit the potential for Passivhaus

targets to be met in full, the AECB standard can be an effective way of encouraging a design which still follows the key Passivhaus principles.

- 9.4 The properties will be highly energy efficient, thereby reducing energy demand. It is proposed to use photovoltaic panels on the roofs of the bungalows and houses. Heating of the hot water and space heating will be provided by air source heat pumps. The properties will have a high level of air tightness which in turn will reduce the energy demand. Mechanical Ventilation Heat Recovery (MVHR) will continuously provide fresh air.
- 9.5 It has been determined that in order to reduce risk to the council, a Design and Build contract is the most appropriate procurement option for this scheme. Calfordseaden, our Employer's Agent for this scheme, has provided a report on procurement and suggest that a Design and Build contract would ensure the majority of the risk is with the contractor. Calfordseaden has recommended that cost and quality can be controlled though a single stage Design and Build procurement route. Advice on the procurement process has also been sought from the Procurement team.
- 9.6 The New Homes team has consulted with planners, ward members and local residents. Community consultation events have outlined proposals to the residents and feedback from the consultation events can be found at www.winchester.gov.uk/woodman-close.
- 9.7 The New Homes team has worked closely with Estates Improvements with regards to the wider parking in and around Woodman Close. The Estate Improvements officer attended the housing consultation in November 2019 and since then there have been two further consultations carried out looking at different options for the wider car parking, with input from the parish council and local members. Work was due to begin on additional car parking bays In May 2021, but an open meeting with the council was requested by local people who expressed concerns over the proposed scheme. There is support for considering a revised scheme reducing the number of additional spaces and reconsidering the placement. Any revision will need to be approved by Hampshire County Council as highways authority. The Estate improvement officer post is currently vacant and due to be filled in the autumn. At this time the requirement for additional parking will be reconsidered and, working with the community, a suitable proposal can be considered.
- 9.8 A financial appraisal has been undertaken for the development and this can be found in exempt Appendix 1.

The scheme meets the Councils viability test criteria as follows:

- Scheme NPV – Pass
- Interest Cover – Pass
- Net scheme cost/Market value – Pass

Please see exempt Appendix 1 for further details on scheme viability.

10 OTHER OPTIONS CONSIDERED AND REJECTED

- 10.1 The scheme could have been developed to meet the normal standards of new council schemes (which are an uplift on general Building Standard requirements), however to address the climate emergency it was agreed to carry out an energy review to ensure that these properties were built to high energy efficiency standards.

BACKGROUND DOCUMENTS:-

Previous Cabinet/Committee Reports or Cabinet Member Decisions:-

None

Other Background Documents:-

None

APPENDICES:

Exempt Appendix 1 - Woodman Close: Scheme Viability

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By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

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